

# A Study of Globalization, Growth & Poverty

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## ABSTRACT

Go global. Why go global? Does it increase the profitability of the organization? Does it create employment? Does it accelerates growth and reduces poverty? Globalization can be summarised as global circulation of goods, services, technology, human resources, capital and ideas. Due to globalization, liberalization productivity of the abundant land is increasing; flows of goods, capital, and labour are also increasing accordingly.

**Key Words:** Globalization, poverty, inequality, Growth, Human Development Index.

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## I. INTRODUCTION

In the global market two factors plays a vital role to the companies to go global. One is pull factor and another is push factor. These two factors are motivating or provoking companies to go global. Pull factors motivates and attracts the companies for profitability and growth prospects. Push factors are when due to saturation of the one company wants to go to another market or wants to go global. Globalization reduces poverty but not everywhere.

## II. OBJECTIVES OF THE STUDY

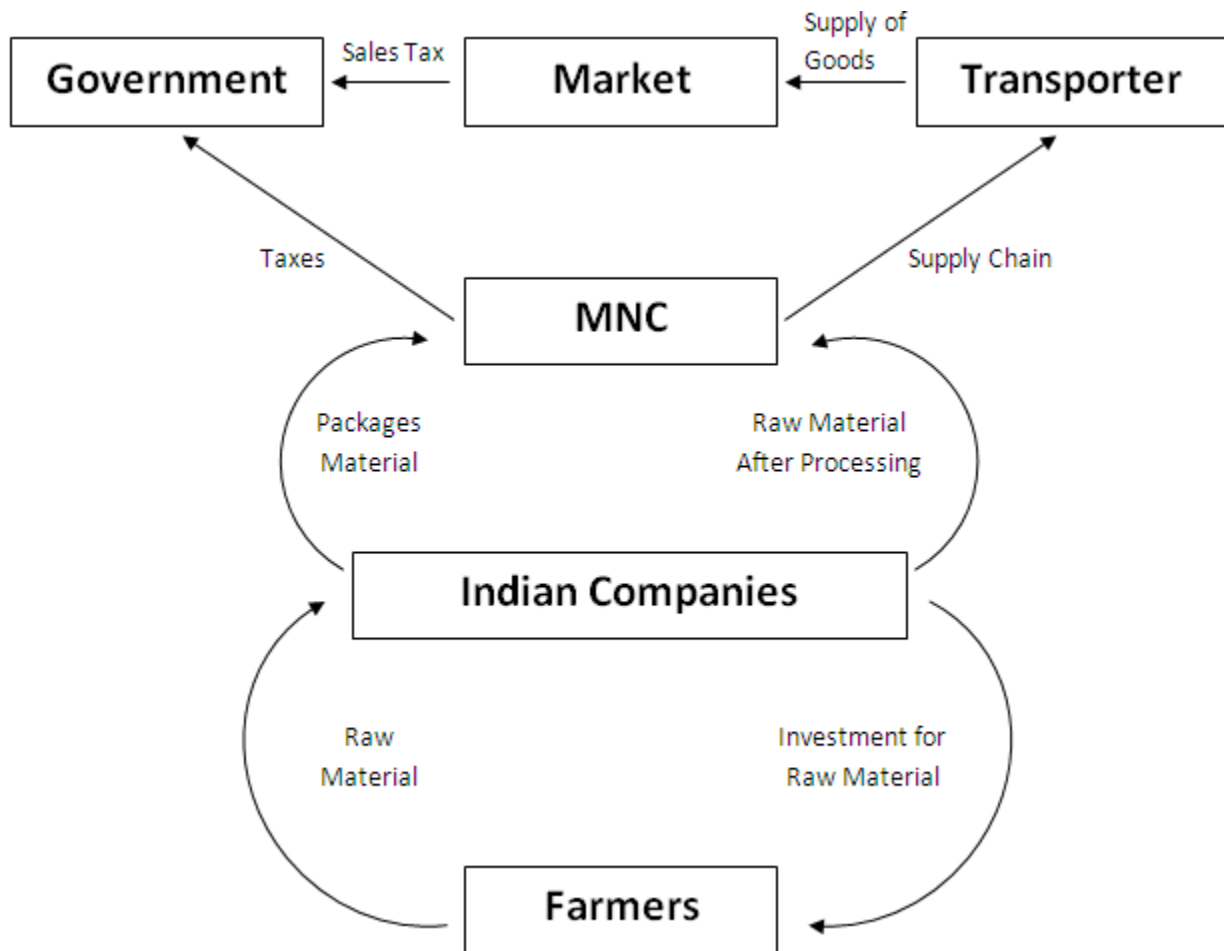
- \* To analyze the relation between globalization and poverty.
- \* Impact of Globalization on development.
- \* Effects of Globalization on employment.
- \* Does Globalization increases poverty or inequality?

## III. RESEARCH OBJECTIVES AND METHODOLOGY

The research methodology used is studying the various reports and data. The research involves studying secondary data through internet, books and magazines.

## IV. POSITIVE SIDES OF GLOBALIZATION

- It increases government revenue.
- Increases job opportunities in every sector.
- Increases the productivity of the companies.
- Increases the productivity of the agricultural land due to increases of demand of raw materials.
- Improvement of transportation system.
- Development of infrastructure.
- Improvement of technology.
- It increases per capita income.



## V. GLOBALIZATION AND POVERTY

Globalization plays an importance role to reduce poverty specially in developing countries. It has been seen that more open countries have done more growth whereas countries with inward oriented polices have suffered more. Global market offers big opportunities for the labour and also due to advancement of technology or flows of technology across the world productivity of labour increases.

According to IMF during the 20<sup>th</sup> century, global average per capita income rose strongly, but with considerable variation among countries. It is clear that the economic gap between rich and poor countries has been widening for many decades. The most recent World Economic Outlook Studies 42 countries (representing almost 90 percent of world population) for which data are available for the entire 20<sup>th</sup> century. It reaches the conclusion that output per capita has risen appreciably but that the distribution of income among countries has become more unequal than at the beginning of the century.

## VI. GLOBALIZATION AND GROWTH

As per Global Outlook:

- Global growth is stronger than expected. Global growth reached a stronger than expected 3 % in 2017, which is a notable recovery from a post crisis low of 2.4% in 2016.
- Global trends are supportive. Global trade growth strengthened significantly in 2017.
- Growth in commodity exporter is predicted to pick up from 1.8% in 2017 to 2.7 % in 2018.
- Growth in commodity importers in projected to remain robust in 2018, at 5.7%.
- Growth in low income countries (LICs) is projected to rise 5.4% in 2018 , as commodity prices firm.
- Risks to the global outlook are becoming more balanced, mainly due to the possibility of stronger than expected growth in the largest advanced economics and (Emerging markets and developing economics) EMDEs.

For Globalization developing countries as a whole have increased their share or world trade from 19% in 1971 to 29% in 1999.

Sharply increased private capital flows to developing countries during much of the 1990s.

Workers move from one country to another partly to find better opportunities. The numbers involved are still small, but in the period 1965-90, the proportion of labour forces round the world that was foreign born increased by about one-half.

Information exchange is an integral, often overlooked, aspect of globalization. For instance, direct foreign investment brings not only an expansion of physical capital stock, but also technical innovation.

## **VII. POLICIES TO REDUCE POVERTY AND ACCELERATE GROWTH**

- Macroeconomic stability to create the right conditions for investment and savings.
- Outward oriented policies to promote efficiency through increased trade and investment.
- Structural reform to encourage domestic competition.
- Strong institutions and an effective government to foster good governance.
- Education, training and research and development to promote productivity.
- External debt management to ensure adequate resources for sustainable development.

All these policies should be considered on country owned strategies to reduce poverty by promoting pro-poor policies that are properly budgeted. Including health, education and strong social safety.

As per Maslow's need hierarchy various needs are as follows:

- Physiological needs are basic to everyone to survive, such as food, clothing, shelter etc.
- Safety needs are related to self preservation to stay free from physical danger. In an organization this needs are job security, incentives provision for future etc.
- Social needs are related to associates of people at work or within the society.
- Esteemed needs are concerned with self respect, recognition of good work etc.
- Self actualization needs are concerned with maximum use of one's potential.

For globalization, due to transfer of capital, use of abundant land, use of more advanced technology productivity increases. To reduce poverty firstly we have to consider first three needs as per Maslow's need hierarchy and these are physiological needs, safety needs and social needs. It would be possible through strong institutions and an effective government to foster good governance and also education, training, and research and development to promote productivity. To reduce poverty good governance should play an importance role along with good effects of globalization, like circulation of capital, goods and services, knowledge and ideas.

## **CONCLUSION**

It is right that globalization reduces poverty, but not everywhere. Though we have everything by globalization, still we have poverty and inequality. We have dazzling five star hotels side by side with darkened ill starred hovels. In spite of that globalization offers extensive opportunities for truly worldwide development but it is not progressive evenly. Some countries are becoming integrated in to the global economy more rapidly than others. Countries that have been able to integrate are seeing faster growth and reduce poverty.

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